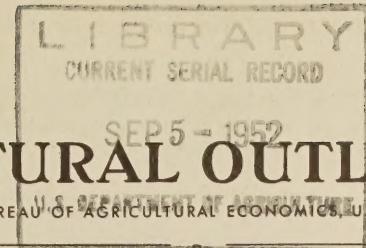


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The AGRICULTURAL OUTLOOK DIGEST

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A strong demand is in prospect for this year's large agricultural output.

The general economic outlook for the next few months is dominated by much the same factors that kept activity high the last couple of years—rising spending for defense, and heavy expenditures by business for buildings, tools, equipment and other production goods. Busy factories, high employment, rising income, a strong U. S. market for goods and services are probable in the months ahead.

Although the work stoppage in steel has ended, effects will continue to be felt for several months. Loss of steel from the stoppage may amount to 18 to 20 million tons, about one-sixth of rated steel capacity for 1952.

Decrease in steel output will reduce production of civilian durable goods. Because of the announced price increase for steel and higher wage rates in a number of industries, somewhat higher prices for durables are expected.

Consumers loosened their purse strings over the past year. Their income has continued high; they have cut down the rate of saving. Food products shared in the general strengthening in demand that resulted.

Retail food prices in the first half of this year averaged a little higher than a year earlier. In the first quarter, consumers spent a slightly larger share of their disposable income for food than in the 3 preceding quarters.

Most of the gain in food prices over last year resulted from higher costs of handling products after they leave the farm. For example, the retail cost of farm produced foods in the family market basket went up \$29 from June 1951 to June 1952. Higher prices to farmers accounted for \$3, increased marketing charges \$26.

The outlook for foreign demand looks a little less bright. Prospects are that the value of farm products shipped abroad this fiscal year will fall below the high 1951-52 level. Events that boosted our exports in 1951-52 are not likely to be repeated—drought in the wheat areas of the southern hemisphere, transportation bottlenecks for Canadian wheat, short oil crops in the Mediterranean area, unusually strong foreign demand for cotton.

Mid-year prospects pointed to generally plentiful supplies of food and other farm products for the next year. According to the July 1 crop report, farmers are producing the second largest volume of crops. Only 1948 was higher. However, the weather still holds the key to the size of the final outturn. It continued hot and dry in a few States during July. Alabama, Georgia, Kentucky, Mississippi, Tennessee and parts of Arkansas and Missouri have been named disaster areas by the Secretary of Agriculture. Farmers in these areas are eligible for drought disaster loans.

Output of livestock products seems likely to top all previous years. Increased production of beef cattle and poultry products are expected to offset smaller dairy and hog output than last year.

The crop and livestock outlook at mid-year pointed to the prospect for a record total output of farm products for human use. However, the gain over the near-record 1951 output probably would be small.

This output, if achieved, will be accomplished on about the same acreage of cropland as in the past several years, and with fewer man-hours of labor. Farmers have more power and machinery than ever before. Production per man-hour, per acre and per breeding unit of livestock this year seem likely to be at or near record levels.

Bigger output and stronger demand than last year add up to not much over-all change in farmer's prices for the next few months.

LIVESTOCK AND MEAT Fed cattle have made up an unusually large part of the cattle slaughtered so far this year; slaughter is likely to continue heavy through early fall. Farmers have reported they had 13%

more cattle on feed July 1 than a year earlier; and that they intend to market nearly three-fourths of them by October 1.

A pick-up in slaughter of grass cattle is expected this fall, mainly because of the growing numbers on farms. Number killed will depend a lot on the weather. Poor pastures and ranges would force farmers to market more heavily. This occurred to some extent during June.

Cattle prices are likely to stay below a year earlier through fall.

Hog marketings are likely to stay a little below a year earlier. Prices probably will vary widely by areas because of embargoes on shipments imposed as a result of outbreaks of vesicular exanthema disease in several States.

DAIRY PRODUCTS Milk production in the U. S. has been going down since last fall. Here are the figures, annual rate basis, for the last 3 quarters: October-December, 1951-115.5 billion pounds; January-March-114.2 billion; April-June-113.1 billion. Tighter feed supplies and less favorable pastures are factors. A longer-run influence is that relatively more favorable returns from other farm enterprises have made dairying less attractive.

POULTRY AND EGGS Egg prices to farmers rose much faster than the usual seasonal rate from mid-June to mid-July. Hot weather which reduced production was mainly responsible.

Broiler prices in mid-July were almost the highest so far this year, but still not particularly favorable to farmers. Farm chicken prices held at the June level, the lowest since last October. Low prices for hens, higher prices for eggs may cause some farmers to hold hens for laying flocks.

FATS AND OILS Output of edible vegetable oils is expected to continue high in the coming 1952-53 year. On the other hand, output of lard is likely to be smaller because of reduced hog production.

FEEDS Output of feed grains, according to July 1 indications, will be big enough to meet U. S. and export requirements and provide for a small addition to stocks at the end of the 1952-53 feeding year. The large corn crop in prospect may cause some price weakness at harvest time. However, the reduction in the carry-over this year and the support program will keep prices from falling very far.

WHEAT Winter wheat prices have rallied from the low reached in late June but are still well below loan levels. Major factors in the rally were large bookings by the domestic bakery and family flour business and the large quantities being stored by farmers.

Supplies this year are expected to be the third largest in history. They include the crop estimated on July 1 at about 1.2 billion bushels, the carry-over of 254 million bushels and a small quantity expected to be imported.

FRUITS Higher prices for apples than a year ago, the same or lower prices for most other deciduous fruits is expected in August and September. Total deciduous output was forecast on July 1 at 8% below a year earlier. Demand from canners is weaker because of larger stocks and the likelihood of smaller military takings.

Supplies of frozen orange concentrate on the market this summer are up from a year ago; prices are lower. This will tend to hold down price increases for the smaller supply of fresh oranges.

VEGETABLES Strong demand, smaller total production and higher prices than last year have featured the fresh vegetable market so far this year. This situation is likely to continue well into the second half of the year.

COTTON Disappearance of cotton for 1952-53 year which began August 1 is expected to total between 13.3 and 14.6 million bales. Final estimates for 1951-52 probably will be around 15 million.

Cotton production is continuing to move westward. This year California, New Mexico and Arizona had a record acreage in cultivation July 1. Their share of the Nation's total was 9.1% compared with 7.9% in 1951. Shift of acreage from the Southeast to the West is partly responsible for trend toward higher yields per acre over last several years.

WOOL Wool prices are advancing in most markets, foreign and domestic. Prices received by U. S. farmers rose from 51.8 cents in mid-June to 52.7 cents in mid-July.

TOBACCO Type 14 flue-cured tobacco prices from the opening of the Georgia and Florida auctions on July 21 to end of the month averaged 52 cents compared with 51 cents in the comparable period last year. Second largest flue-cured crop on record was expected July 1.